

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 41

BY BUSINESS COMMITTEE

AN ACT

RELATING TO THE INDIVIDUAL ACCIDENT AND HEALTH INSURANCE POLICIES; AMENDING SECTION 41-4201, IDAHO CODE, TO INCLUDE GROUP SUPPLEMENTAL DISABILITY INSURANCE POLICIES WITHIN THE PURPOSE OF THE ACT AND TO REVISE TERMINOLOGY; AMENDING SECTION 41-4202, IDAHO CODE, TO REVISE DEFINITIONS AND TO REVISE TERMINOLOGY; AMENDING SECTION 41-4203, IDAHO CODE, TO PROVIDE FOR STANDARDS FOR POLICY PROVISIONS FOR GROUP SUPPLEMENTAL POLICIES OF DISABILITY INSURANCE, TO REVISE TERMINOLOGY, TO CORRECT CODIFIER'S ERRORS AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 41-4204, IDAHO CODE, TO PROVIDE FOR GROUP SUPPLEMENTAL POLICY MINIMUM STANDARDS FOR BENEFITS, TO REVISE COVERAGES SUBJECT TO MINIMUM STANDARDS FOR BENEFITS AND TO REVISE TERMINOLOGY; AMENDING SECTION 41-4205, IDAHO CODE, TO PROVIDE OUTLINE OF COVERAGE FOR GROUP SUPPLEMENTAL DISABILITY INSURANCE POLICIES, TO PROVIDE LIMITATIONS WHEN SPECIFIED POLICIES SHALL BE OFFERED, CONTINUED OR RENEWED, TO REVISE THE STATEMENT INCLUDED IN OUTLINE OF COVERAGE, TO REVISE TERMINOLOGY, TO CORRECT CODIFIER'S ERRORS AND TO MAKE TECHNICAL CORRECTIONS; AND REPEALING SECTION 41-4206, IDAHO CODE, RELATING TO PREEXISTING CONDITIONS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 41-4201, Idaho Code, be, and the same is hereby amended to read as follows:

41-4201. PURPOSE. The purpose of this act shall be to provide reasonable standardization and simplification of terms and coverages of individual disability insurance policies, group supplemental disability insurance policies, nongroup subscriber contracts of nonprofit hospitals, medical and dental service associations, and nongroup subscriber contracts of ~~health maintenance~~ managed care organizations to facilitate public understanding and comparison, to eliminate provisions contained in individual disability insurance policies, group supplemental disability insurance policies, nongroup subscriber contracts of nonprofit hospital, medical and dental service associations, and nongroup subscriber contracts of ~~health maintenance~~ managed care organizations which may be misleading or unreasonably confusing in connection either with the purchase of such coverages or with the settlement of claims, and to provide for full disclosure in the sale of disability coverages.

SECTION 2. That Section 41-4202, Idaho Code, be, and the same is hereby amended to read as follows:

41-4202. DEFINITIONS. (1) "Form" includes but is not limited to policies, contracts, certificates, riders, endorsements, and applications as provided in sections 41-1812, ~~and~~ 41-3419 and 41-3915, Idaho Code.

(2) "Disability Insurance" means insurance written under chapter 21, title 41, Idaho Code, supplemental disability insurance written under chapter 22, title 41, Idaho Code, coverages written under chapter 34, title 41, Idaho Code, and coverages written under chapter 39, ~~of~~ title 41, Idaho Code. For purposes of this act, nonprofit hospital, medical and dental service associations, and ~~health maintenance~~ managed care organizations shall be deemed to be engaged in the business of insurance.

(3) "Policy" means the entire contract between the insurer and the insured, including the policy, certificates, riders, endorsements, and the application, if attached, and also includes nongroup subscriber contracts issued by nonprofit hospital, medical and dental service associations, and nongroup subscriber contracts issued by ~~health maintenance~~ managed care organizations.

SECTION 3. That Section 41-4203, Idaho Code, be, and the same is hereby amended to read as follows:

41-4203. STANDARDS FOR POLICY PROVISIONS. (1) The director shall issue rules, ~~and regulations~~, subject to chapter 52, title 67, Idaho Code, to establish specific standards, including standards of full and fair disclosure, that set forth the manner, content, and required disclosure for the sale of individual policies of disability insurance, ~~and group supplemental policies of disability insurance~~, nongroup subscriber contracts of nonprofit hospital, medical and dental service associations and nongroup subscriber contracts of ~~health maintenance~~ managed care organizations which shall be in addition to and in accordance with applicable laws of this state, which may cover but shall not be limited to:

- (a) ~~Terms or renewability;~~
- (b) ~~Initial and subsequent conditions of eligibility;~~
- (c) ~~Non duplication of coverage provisions;~~
- (d) ~~Coverage of dependents;~~
- (e) ~~Pre-existing conditions;~~
- (f) ~~Termination of insurance;~~
- (g) ~~Probationary periods;~~
- (h) ~~Limitations;~~
- (i) ~~Exceptions;~~
- (j) ~~Reductions;~~
- (k) ~~Elimination periods;~~
- (l) ~~Requirements for replacement;~~
- (m) ~~Recurrent conditions;~~ and
- (n) ~~The~~ The definition of terms including but not limited to the following: hospital, accident, sickness, injury, physician, accidental means, total disability, partial disability, nervous disorder, guaranteed renewable and ~~noncancelable~~ noncancelable.

(2) The director may issue rules ~~and regulations~~ that specify prohibited policy provisions not otherwise specifically authorized by statute which in the opinion of the director are unjust, unfair, or unfairly discriminatory to the ~~policy holder~~ policyholder, any person insured under the policy, or beneficiary.

SECTION 4. That Section 41-4204, Idaho Code, be, and the same is hereby amended to read as follows:

41-4204. MINIMUM STANDARDS FOR BENEFITS. (1) The director shall issue rules, ~~and regulations~~, subject to chapter 52, title 67, Idaho Code, to establish minimum standards for benefits under each of the following categories of coverage in individual policies, group supplemental policies, nongroup subscriber contracts of nonprofit hospital, medical and dental service associations, and nongroup subscriber contracts of ~~health maintenance managed care~~ organizations other than conversion policies issued pursuant to a contractual conversion privilege under a group policy of disability insurance:

- (a) Basic hospital expense coverage;
- (b) Basic medical-surgical and dental expense coverage;
- (c) Hospital confinement indemnity coverage;
- (d) Major medical expense coverage;
- (e) Disability income protection coverage;
- (f) Accident only coverage; and
- (g) Specified disease, ~~or specified accident coverage.~~

(2) Nothing in this section shall preclude the issuance of any policy or contract which combines two (2) or more of the categories of coverage enumerated in paragraphs (a) through (g) of subsection (1) of this section.

(3) No policy or contract shall be delivered or issued for delivery in this state which does not meet the prescribed minimum standards for the categories of coverage listed in paragraphs (a) through (g) of subsection (1) of this section, which are contained within the policy or contract unless the director finds such policy or contract will be in the public interest and such policy or contract meets the requirements set forth in section 41-1813, Idaho Code.

(4) The director shall prescribe the method of identification of policies and contracts based upon coverages provided.

SECTION 5. That Section 41-4205, Idaho Code, be, and the same is hereby amended to read as follows:

41-4205. OUTLINE OF COVERAGE. (1) In order to provide for full and fair disclosure in the sale of individual disability insurance policies, ~~or group supplemental disability insurance policies~~, nongroup subscriber contracts of a nonprofit hospital, medical or dental service association, or nongroup subscriber contracts of ~~health maintenance managed care~~ organizations, no such policy or contract shall be offered, delivered, ~~or~~ issued for delivery, continued or renewed in this state unless:

- (a) ~~In~~ the case of a direct response insurance product, the outline of coverage described in subsection (2) of this section accompanies the policy;
- (b) ~~In~~ all other cases, the outline of coverage described in subsection (2) of this section is delivered to the applicant at the time application is made and an acknowledgment of receipt of certificate of delivery of such outline is provided the insurer with the application. In the event the policy is issued on a basis other than that applied for, the outline of coverage properly describing the policy or contract must accompany the policy or contract when it is delivered and clearly state that it is not the policy or contract for which application was made.

(2) The director shall prescribe the format and content of the outline of coverage required by subsection (1) of this section. "Format" means style, arrangement, and overall appearance, including such items as the size, color, and prominence of type and the arrangement of text and captions. Such outline of coverage shall include:

(a) A statement identifying the applicable category or categories of coverage provided by the policy or contract as prescribed in section 41-4204, ~~of this act~~ Idaho Code;

(b) A description of the principal benefits and coverage provided in the policy or contract;

(c) A statement of the exceptions, reductions and limitations contained in the policy or contract;

(d) A statement of the renewal provisions including any reservation by the insurer, ~~or~~ nonprofit hospital, medical or dental service association, ~~or health maintenance managed care~~ organization of a right to change premiums;

(e) A statement that the outline is a summary of the policy, certificate or contract issued or applied for and that the policy, certificate or contract should be consulted to determine governing contractual provisions.

SECTION 6. That Section 41-4206, Idaho Code, be, and the same is hereby repealed.